

Message Text

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ACTION DRC-01

INFO OCT-01 EA-12 ISO-00 A-01 OC-06 CCO-00 SCA-01

VO-03 PER-05 /030 W

-----128263 220652Z /15

R 220441Z AUG 77

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 5880

UNCLAS SECTION 1 OF 2 SEOUL 7017

E.O. 11652: N/A

TAGS: AMGT

SUBJECT: AMAT PROPOSALS

REF: STATE 171986 (PARA 4.)

EMBASSY ACKNOWLEDGES WITH THANKS RECEIPT OF WORKING DRAFTS OF MINICOMPUTER APPLICATIONS. THESE BASIC SPECIFICATIONS NOW UNDER REVIEW BY AFFECTED SECTION HEADS AND ANTICIPATE CONSOLIDATED RESPONSE WILL BE TRRNMITTED O/A 8/23. IN INTERIM, BASED ON CONTENTS PARA 4 REFTEL, EMBASSY HAS OBTAINED PURCHASE/LEASE PROPOSALS FROM LOCAL WANG REPRESENTATIVE AS FOLLOWS:

1. PURCHASE DATA

A. COST FACTORS

WANG		UNIT PRICE			
MODEL NO.	DESCRIPTION	QTY.	US \$	TOTAL	
2200VP-16	CPU WITH 64KB MEMORY	1	22,200	22,200	
	AND 9 I/O PORTS				
2226A	CRT/KEYBOARD	1	2,800	2,800	
2270-1	SINGLE REMOVABLE	1	3,600	3,600	
	DISKETTE DRIVE				
2260 (AS SUB-	FIXED/REMOVABLE	1	15,000	15,000	
STITUTE FOR	10MB DISK DRIVE				
22120					

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2281	OUTPUT WRITER	1	3,900	3,900	
2200WS-4	WORK STATION WITH	3	6,500	19,500	
	16K MEMORY				
MXA	DISK MULTIPLEXER	1	1,200	1,200	
120-2225-50	MXA&B 50' CABLE	2	90	180	
120-4010	T-CONNECTOR	2	85	170	
	TOTAL FOB/USA PORT			76,050	

B. BACKUP SERVICE

(1) TRAINING: PROVIDED BY WANG REPRESENTATIVE, US\$450
FOR 30 HOURS (INCLUDING TRAINING MATERIALS);

(2) INSTALLATION: MAINTENANCE

BASIC INSTALLATION CHARGE US\$240;

MAINTENANCE SERVICE CHARGE (ANNUAL) BASED ON 7 PERCENT OF
US FOB PRICE. EMBASSY RESPONSIBLE FOR PROCUREMENT REPLACEMENT
PARTS. MAXIMUM RESPONSE TIME FOR MAINTENANCE CALL, THREE HOURS.

2. LEASE DATA

IN ADDITION TO ABOVE COST, IN ORDER TO OBTAIN REQUIRED EQUIPMENT
FOR LEASE TO EMBASSY, KOREA DEVELOPMENT LEASING CORPORATION
(AS WANG REPRESENTATIVE'S LEASING AGENT) MUST FIRST PURCHASE
AND IMPORT EQUIPMENT, THEN LEASE TO END USER (EMBASSY). THIS
INVOLVES ADDITIONAL CHARGES OF \$21,549.26 COVERING TRANSPORTATION
(US TO KOREA) AND INSURANCE/TRADE ASSOCIATION FEE/TELEGRAPH
CHARGES FOR LETTER OF CREDIT/OPEN COMMISSION/ROK CUSTOMS AND
DUTIES (15,677.24)/DEFENSE TAX (\$1,959.68/CUSTOMS CLEARANCE FEES/
WAREHOUSING AND IN-COUNTRY TRANSPORTATION FEES. TOTAL INITIAL
LEASING COST BASE THUS RAISED TO \$97,684.26.

MONTHLY LEASING COSTS: (3-YEAR MINIMUM)

TERM	MONTHLY CHARGE	ANNUAL COST
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3 YEARS	\$3,337.14	\$40,045.68
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4 YEARS	2,686.06	32,323.72
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5 YEARS	2,556.67 (FIRST 3 YRS)	30,680.04
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	1,704.44 (LAST 2 YRS)	20,453.28
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A. COMMENT

(1) KOREA DEVELOPMENT LEASING CORPORATION ALSO REQUIRES 10
PERCENT OF FOB PRICE AS DEPOSIT TO BE HELD BY THEM FOR DURATION
OF LEASE.

(2) ANY CHANGES IN LEASING AGENT'S EXPENSES SUCH AS VARIANCE
IN IMPORT DUTY, ETC., ULTIMATELY CHARGEABLE AGAINST LEASE.

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VO-03 PER-05 /030 W

-----128262 220652Z /17

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B. BACKUP SERVICE

(1) TRAINING: WANG REPRESENTATIVE IN KOREA TO PROVIDE INSTRUCTION IN OPERATION AND PROGRAMMING FOR 3 WEEKS (2 HOURS PER WORK DAY) FOR ONE DESIGNATED EMPLOYEE WITHOUT ADDITIONAL CHARGE. TRAINING MATERIALS FURNISHED WITHOUT COST.

(2) MAINTENANCE:

(A) WANG REPRESENTATIVE SUPPLIES EQUIPMENT MAINTENANCE WITHOUT CHARGE FOR FIRST YEAR FOLLOWING INSTALLATION. (INCLUDES 4 HOURS PREVENTATIVE MAINTENANCE PER MONTH.)

(B) FROM SECOND YEAR ONWARD MAINTENANCE SERVICE AVAILABLE AT 7 PERCENT (PER ANNUM) TOTAL FOB PRICE.

(C) EMBASSY WOULD BE RESPONSIBLE FOR PROCUREMENT OF REPLACEMENT PARTS OF ITS LEASED EQUIPMENT.

(D) MAXIMUM RESPONSE TIME FOR MAINTENANCE CALLS IS 3 HOURS.

(3) DELIVERY/INSTALLATION-WITHIN FIVE (5) MONTHS FOLLOWING SIGNING OF LEASE/CONTRACT.

EMBASSY COMMENTS:

FROM ABOVE, WOULD APPEAR SERIOUS CONSIDERATION NEEDS BE GIVEN TO OUTRIGHT PURCHASE OF MINICOMPUTER EQUIPMENT. DIRECT PURCHASE BY DEPARTMENT FROM WANG WOULD ELIMINATE APPROX. \$19,000 (OR MORE) OF ADDITIONAL EXPENSES INCURRED THROUGH IMPORT BY KOREAN DEVELOPMENT LEASING CORPORATION AND PASSED ON TO EMBASSY VIA CONTRACT/LEASE COST. COST OF DIRECT PROCUREMENT IN LIEU OF LEASE CHARGES (REFLECTING AVERAGE ANNUAL PROFIT TO LESSOR OF \$7,500) WOULD APPEAR OUTWEIGH WHAT APPEARS BE COMPLICATED CONTRACTING REQUIREMENTS:

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COMPARATIVE BASIC COSTS:

1. PURCHASE/SHIPPING \$78,050
2. LEASING - 3-YR. PERIOD 120,137
- 4-YR. PERIOD 128,930
- 5-YR. PERIOD 132,946

EMBASSY ALSO NOTES THAT PARA 4 REFTEL INDICATED THREE WORK STATIONS WHILE MATERIAL IN DRAFT APPLICATIONS INDICATES FOUR WORK STATIONS. RELATIVE ADJUSTMENTS IN PRICING WILL NECESSARILY OCCUR ONCE DECISION ON TYPE/QUANTITY EQUIPMENT TO BE OBTAINED IS REACHED. ON AUGUST 12, WANG REPRESENTATIVES FROM U.S. (DODGE CHU AND JOHN WILKIE) WERE IN KOREA AND VISITED EMBASSY AT OUR REQUEST TO DISCUSS COMPUTERIZATION PROCESS. WE ARE LEFT WITH CONFIRMED IMPRESSION THAT KUMHO CO., AS WANG'S REPRESENTATIVE IN KOREA, IS INDEED WELL QUALIFIED TO PROVIDE US WITH FIRST-RATE BACKUP SERVICE AND MAINTENANCE AS WELL AS OPERATOR TRAINING SUPPORTED BY WANG'S

EXPERIENCE AND EXPRESSED CONFIDENCE.
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Message Attributes

Automatic Decaptioning: X
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Disposition Approved on Date:
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Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Executive Order: N/A
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Secure: OPEN
Status: NATIVE
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TAGS: AMGT
To: STATE
Type: TE
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